GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:398
ANSWERED ON:03.02.2017
Compensation to ATM Operators
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Will the Minister of FINANCE be pleased to state:

(a) whether the ATM industry stands to lose hundreds of crores as banks continue to starve machines of cash;
(b) if so, the details thereof along with the loss incurred by the ATM operators due to drop in volumes of cash;
(c) whether ATM operators have petitioned the Government for compensation and if so, the details thereof and the reaction of the Government thereto;
(d) whether White label ATMs installed in rural areas have been largely shut after demonetization; and
(e) if so, whether Reserve Bank of India has allowed them to source cash from retail outlets and if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) to (c) Subsequent to the ATM recalibration exercise, Managed Services Providers (MSPs) had approached the RBI seeking intervention to obtain necessary compensation from the banks for their activities during recalibration of ATMs. Incidentally, they had also sought compensation from the banks for revenue loss due to lower ATM transactions.
Since, Brown Label ATM operators and Managed Services Providers (MSPs) are not regulated entities of RBI, therefore they have been advised to approach the banks.
(d) The transactions on White Label ATMs undertaken in the rural areas for the past 3 months have declined.

(e) RBI has allowed White Label ATM Operators (WLAOs) to source cash from retail outlets subject to the condition that WLAOs shall be solely responsible for the quality and genuineness of such currency notes.
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